

U. S. ATOMIC ENERGY COMMISSION
GRAND JUNCTION OFFICE
GRAND JUNCTION, COLORADO

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(Note to Editors: The following public announcement, with attachment, is being issued simultaneously in Washington, D. C., by the Atomic Energy Commission)

AEC ANNOUNCES DOMESTIC URANIUM PROCUREMENT PROGRAM
THROUGH DECEMBER 31, 1970

The U. S. Atomic Energy Commission today announced a new program for domestic uranium procurement from January 1, 1967 through December 31, 1970. The present U. S. uranium procurement program ends December 31, 1966.

The new program consists of a deferral of a portion of the material now contracted for delivery to the AEC before 1967 and the purchase by the AEC of an additional quantity equal to the amount deferred. Uranium milling companies are invited to submit proposals covering the quantity of U_3O_8 in concentrate in their present contracts with the AEC which they would be willing to defer for delivery after 1966. The deferred material would be purchased during the period January 1, 1967, through December 31, 1968, at the prices established for such material under present contracts.

An additional quantity of concentrates, equal to the quantity deferred and delivered in 1967 and 1968, would be purchased during the period January 1, 1969, through December 31, 1970, at fixed prices per pound of U_3O_8 . The fixed prices will be determined by applying a formula to allowable costs of production for the period 1963 - 1968, based on an audit of mining and milling costs. The fixed price per pound of U_3O_8 in concentrate will be 85% of the allowable production cost per pound plus \$1.60, subject to a maximum price of \$6.70 per pound.

Small mining properties, those producing less than 20,000 pounds of U_3O_8 per year, will be permitted to participate in the program, up to an overall maximum of 1,000,000 pounds of U_3O_8 per year, without being required to make a deferral. Concentrate derived from ores produced from such small properties will be purchased in the years 1967 - 1968 at \$8.00 per pound of U_3O_8 and in 1969 - 1970 at \$6.70 per pound. This provision is in recognition of the fact that it would not be economic for most small operations to reduce their current rate of production.

Proposals for participation in the new program should be submitted promptly to the Commission's Grand Junction, Colorado, Office. Proposals will serve as

the basis for the negotiation of appropriate modifications to existing contracts. However, the AEC reserves the right, in the best interests of the Government, to reject any or all proposals which are submitted for evaluation, and may reject without evaluation any proposals received after March 1, 1963. Furthermore, the AEC may limit the additional quantity purchased to a total of 16,000 tons of U_3O_8 .

New contract quantities and delivery schedules will be made effective through appropriate contract revisions and may be retroactive to January 1, 1963. With respect to deliveries before January 1, 1969, all proposals must be limited to U_3O_8 in concentrates produced from ores derived from property units which are determined by the AEC to be eligible under the November 24, 1958, announcement, and which are producing under contracts with AEC, or under AEC approved ore sales contracts with milling companies. All proposals will be reviewed on the basis of the productive capability of the property units.

AEC requirements for U_3O_8 through 1970, as currently estimated, are significantly below the amounts which would be available if domestic operations continued through that period at current production levels. The AEC believes that this program is in the best interest of both the Government and the uranium industry, in that it should effect a better balance between AEC receipts and requirements between now and 1970 and help provide for a continuing industry to supply the anticipated future market. Should requirements be larger than now estimated, it is expected that uranium production facilities in operation will be sufficient to meet them.

This program provides a basis on which uranium producers looking to the future can extend their operations. Alternatively, they may elect to continue their present production and marketing arrangements with no assurance of a market after 1966. If a deferral of 16,000 tons is attained, the domestic industry would be operating at a rate of about 8,000 tons per year for the four-year period 1967 through 1970. Current production is at the rate of approximately 17,000 tons of U_3O_8 per year.

The official statement concerning the new program will be found in the attached notice, which will be published in the Federal Register on Tuesday, November 20, 1962.

UNITED STATES
ATOMIC ENERGY COMMISSION
Washington 25, D. C.

NOTICE OF DOMESTIC URANIUM PROCUREMENT PROGRAM
FROM JANUARY 1, 1967 THROUGH DECEMBER 31, 1970

1. Notice is hereby given by the Atomic Energy Commission of a program for domestic uranium procurement from January 1, 1967 through December 31, 1970. The new program contemplates a deferral of a portion of the material now contracted for delivery to the AEC before 1967 and the purchase by the AEC of an additional quantity equal to the amount deferred.

2. The present procurement program, based on the AEC's announcement of May 24, 1956, as modified by the announcement of November 24, 1958, ends December 31, 1966.

3. Uranium milling companies are invited to submit proposals covering the quantity of U_3O_8 in concentrate in their present contracts with the AEC which they would be willing to defer for delivery after 1966. The deferred material would be purchased during the period January 1, 1967 through December 31, 1968, at the prices established for such material under present contracts.

4. An additional quantity of concentrates, equal to the quantity deferred and delivered in 1967 and 1968, would be purchased during the period January 1, 1969 through December 31, 1970, at fixed prices per pound of U_3O_8 . The fixed prices under each milling contract will be determined by use of a formula based on average allowable costs of production for the period 1963-1968, such costs to be determined by an audit of mining and milling costs. The fixed price per pound of U_3O_8 delivered in acceptable concentrate will be 85% of the allowable production cost per pound plus \$1.60, subject to a maximum price of \$6.70 per pound. Allowable production costs will be defined in the contracts in conformance with uniform cost principles to be established. A statement of these cost principles will be available at the AEC's Grand Junction Office at an early date. In establishing the prices to apply in 1969 and 1970, the average allowable production cost developed for the 1963-1968 period will be escalated, within the ceiling of \$6.70, to reflect calendar year 1968 cost levels for major operating supplies and services.

5. Independent uranium ore producers who wish to participate in this program must have ore sales contracts with milling companies, which contracts have been approved by the AEC under the November 24, 1958 announcement, and should arrange to have their proposed deferment incorporated in the proposal submitted to the AEC by the milling company. Any modification of an ore producer's existing ore sales contract or other related agreements, which may be required to permit participation in the new program, will be the responsibility of the parties to such contract or agreements.

6. Proposals for participation in the new program should be submitted to the Commission's Grand Junction, Colorado, Office as soon as possible. The

AEC will evaluate proposals submitted in response to this announcement as soon as feasible. Proposals will serve as the basis for the negotiation of appropriate modifications to existing contracts. However, the AEC reserves the right, as may be in the best interests of the Government, to reject any or all proposals which are submitted for evaluation, and may reject without evaluation any proposals received after March 1, 1963. Furthermore, the AEC may limit the additional quantity purchased to 16,000 tons of U_3O_8 .

7. New contract quantities and delivery schedules will be made effective through appropriate contract revisions and may be retroactive to January 1, 1963. The AEC may approve in writing reductions in production levels, effective January 1, 1963, pending completion of stretch-out negotiations. In the event of failure of negotiations, deficiencies in deliveries resulting from such approved reductions may be made up during the term of existing contracts. Unless otherwise agreed, contracts shall provide for the scheduling of production and deliveries during the period January 1, 1963 through December 31, 1970 at reasonably uniform rates. The Commission, however, may entertain proposals for deferral of quantities which would result in higher or lower delivery rates in the 1967-1970 period than in the pre-1967 period, taking into consideration the total quantity of deferral covered by proposals received. In any event, however, the amount of additional purchases in the 1969-1970 period will be limited to a quantity equal to actual deliveries in 1967-1968.

8. With respect to deliveries before January 1, 1969, all proposals must be limited to U_3O_8 in concentrates produced from ores derived from property units which are determined by the AEC to be eligible under the November 24, 1958 announcement, and which are producing under contracts with AEC, or under AEC approved ore sales contracts with milling companies. All proposals will be reviewed on the basis of the productive capability of the property units.

9. Proposals may include requests for consolidation of producing mining property units, and of milling operations or milling contracts. Agreement must be reached with the AEC that each of the mining property units included in a proposed consolidation is capable of producing its remaining contract quantity, or a stated portion thereof, under the procurement program ending December 31, 1966. Proposals for consolidation will also be reviewed in relation to other factors pertinent to the objectives of the AEC's uranium procurement program such as the effect on producing areas, the conservation of resources, and possible economic implications.

10. The program announced June 29, 1962, for the purchase of U_3O_8 in concentrates derived from ore produced from small domestic mining property units having production allocations of less than 20,000 pounds U_3O_8 in ore per year, will continue to the end of the present program on December 31, 1966.

11. In each six months period beginning January 1 and July 1 during calendar years 1967-68, the AEC will permit milling companies having contract modifications completed under this announcement to purchase up to 10,000 pounds

of U_3O_8 in ore produced from any small property unit which has had a production allocation of less than 20,000 pounds of U_3O_8 per year and which had produced and delivered ore to a mill during the period April 1, 1962 - December 31, 1966, in accordance with ore sales contracts approved by the AEC. Deliveries from such small property units will be subject to the limitations set forth in the June 29, 1962 announcement, including the overall limitation of 1,000,000 pounds of U_3O_8 in ore per year. Concentrates delivered during 1967 and 1968, which have been derived from the ores produced under this provision from such small property units, will be purchased at \$8 per pound of U_3O_8 .

12. Producing eligible property units with pre-1967 allocations of 20,000 pounds or more of U_3O_8 in ore per year, which are not otherwise included in this program, may obtain a market during the 1967-68 period subject to an appropriate contract modification with the applicable milling company providing for a reduction in the property unit's 1963-66 contract quantity to 20,000 pounds of U_3O_8 in ore annually. Upon AEC approval of the contract modification, the market for each such property unit will be established at 20,000 pounds throughout the 1963-66 and 1967-68 periods. Such property units will not be subject to the annual limitation of 1,000,000 pounds of U_3O_8 in ore for production from small property units during these periods. Concentrates delivered during 1967 and 1968 which have been derived from ores produced under this provision from such property units will be purchased at \$8 per pound of U_3O_8 .

13. In each six months period beginning January 1 and July 1 during calendar years 1969 and 1970 the AEC will permit milling companies having contract modifications completed under this announcement to purchase under ore sales contracts approved by the AEC up to 10,000 pounds of U_3O_8 in ores from each mining property not otherwise having a market under this new program, subject to an overall limitation of 1,000,000 pounds of U_3O_8 in ore per year. The AEC may uniformly reduce the total each property may deliver if it appears likely to the AEC that total annual production by such properties will exceed 1,000,000 pounds. Concentrates delivered during 1969 and 1970, which have been derived from ores produced and delivered during this period, will be purchased at a price of \$6.70 per pound of U_3O_8 . Any mining property or property unit which has been subdivided into several properties or production units may, at the sole discretion of the AEC, be defined as a single property for the purpose of administering this provision.

14. All production before January 1, 1969, under the program herein announced, must be from individual property units as established in milling contracts and ore sales contracts approved by the AEC. In 1969 and 1970, production may be derived from any domestic source, except that, without the prior approval of the AEC, no ore producer or milling company will be permitted to acquire ore for the production of concentrate for sale to the AEC under this program derived from a mining property which is controlled, or may have been controlled, by any other ore producer or milling company while participating in this program.

15. AEC requirements for U_3O_8 through 1970, as currently estimated, are significantly below the amounts which would be available if domestic operations

continued through that period at current production levels. The AEC believes that this program is in the best interest of both the Government and industry, in that it should effect a better balance between AEC receipts and requirements between now and 1970 and help provide for a continuing industry to supply the anticipated future commercial market. Should requirements be larger than now estimated, it is expected that production facilities in operation will be sufficient to meet them.

16. This program provides a basis on which uranium producers looking to the future can extend their operations. Alternatively, they may elect to continue their present production and marketing arrangements with no assurance of a market after 1966.

For the Atomic Energy Commission

Signed Woodford B. McCool
 Secretary

Dated at Germantown, Maryland,
this 16th day of November, 1962